

$$\frac{\begin{array}{l} \text{Sum of, for each taxable year during the applicable period, bad debts sustained,} \\ \text{adjusted by recoveries received that are allocable to the bad debts, by} \\ \text{that taxable year's determination date and related to the taxpayer's} \\ \text{accounts receivable balance at the beginning of the taxable year} \end{array}}{\begin{array}{l} \text{Sum of accounts receivable at the beginning of each} \\ \text{taxable year during the applicable period} \end{array}} \times \begin{array}{l} \text{Accounts} \\ \text{receivable at end} \\ \text{of current taxable} \\ \text{year} \end{array} \times 1.05$$